

Salada Foods Jamaica Ltd. 1998

CHAIRMAN'S STATEMENT

The Directors take pleasure in submitting the Annual Report and Audited Financial Statements for the year ended 30th September 1998.

COMPANY RESULTS

Turnover was \$158.938 million, representing an increase of 3.8% compared to the previous year. Operating loss was \$16.513 million, down from \$28.023 million at 30th September 1997. The situation was further affected by exchange losses of \$0.945 million. The net loss was \$17.466 million which represents an improvement over the \$50.911 million deficit the previous year.

The major factor contributing to our results was the provision of \$21.087 million for doubtful debts. This was mainly as a result of the collapse and subsequent closure of our exclusive local distributor, JHG Mapp (Successors) Limited, and also failure of past distributor, Phillip Hall of Tropical Commodities Distributors, to honour a promissory note covering debts owed to the company. The necessary legal action is being pursued in both cases for recovery in due course.

SUBSEQUENT EVENTS/DEVELOPMENT PROGRAMMES

In a continuing effort to maintain and increase our market share, a decision was taken to broaden the distribution and marketing network which resulted in the appointment of distributors, T. Geddes Grant (Dist.) Limited, Musson Jamaica Limited and Lasco Distributors Limited.

In November 1998, the Financial Sector Adjustment Company Limited (FINSAC) took over the company's loan portfolio from National Commercial Bank Jamaica Limited (NCB).

The terms and conditions of these loans were renegotiated and are now repayable within a maximum of 10 years.

Also, in November 1998, a suit was filed against the Company by Caribbean Trust Merchant Bank Limited for the settlement of their US\$275,000 promissory note. Subsequent to the year end an out-of-court agreement has been reached to settle the debt over two years.

In an effort to realise substantial foreign exchange revenues and to double plant throughput, the proposal for the further processing of instant coffee into an agglomerated form was completed and presented to the Agricultural Development Bank in July 1998. Although to date a response is still outstanding, the company intends to pursue this programme as its main thrust for growth.

The Board takes this opportunity to thank all employees for their efforts in the past year, and looks forward to their co-operation in the coming year as we strive to realise continued growth and success for the mutual benefit of shareholders and employees.

Vincent A. Chen
